REMARKS

In the Office Action dated December 7, 2007, claims 1-13, 15, and 24 were rejected under 35 U.S.C. § 103(a) as unpatentable over U.S. Patent No. 2,798,558 (McCulloch) in view of U.S. Patent No. 2,725,014 (Pryor); claim 14 was rejected under 35 U.S.C. § 103(a) as unpatentable over McCulloch in view of Pryor and U.S. Patent No. 3,192,869 (McCarvell); and claims 16, 18-20, 22, and 23 were rejected under 35 U.S.C. § 103(a) as unpatentable over McCulloch in view of Pryor and McCarvell.

The Office Action has maintained the rejection of independent claim 1 over McCulloch in view of Pryor. It is respectfully submitted that the Office Action has erred in rendering the obviousness rejection.

To make a determination under 35 U.S.C. § 103, several basic factual inquiries must be performed, including determining the scope and content of the prior art, and ascertaining the differences between the prior art and the claims at issue. *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 U.S.P.Q. 459 (1965). Moreover, as the U.S. Supreme Court held, it is **important** to identify a reason that would have prompted a person of ordinary skill in the art to combine reference teachings in the manner that the claimed invention does. *KSR International Co. v. Teleflex, Inc.*, 127 S. Ct. 1727, 1741, 82 U.S.P.Q.2d 1385 (2007).

Here, an analysis of the teachings of McCulloch and Pryor would reveal that a person of ordinary skill in the art would not have been prompted to combine the teachings of McCulloch and Pryor to achieve the claimed invention.

As conceded by the Office Action, McCulloch does not disclose gas lift valves associated with the orifices 71 depicted in the telescopic member 70 in Fig. 6 of McCulloch. 12/7/2007 Office Action at 4.

Instead, the Office Action relied upon Pryor as disclosing the use of "gas lift valves" 16, 17, 18, 19, or 23, 24, 25, 26 "to regulate communication between the axial bore of the tubular member to the wellbore (col. 4, lines 2-7)." *Id.*

As noted in Applicant's previous reply, McCulloch does not contemplate the provision of any valves associated with the lateral ports 71 or opening in the lower end 72 of the telescopic member 70 depicted in Fig. 6 of McCulloch. In fact, provision of gas lift valves associated with the lateral port 71 or lower end 72 of McCulloch would clearly not be desirable, as doing so

would involve significant changes to the completion system of McCulloch that would clearly change the principle of operation of McCulloch.

As depicted in the various figures of McCulloch, including Figs. 1-4, a production tubing 15 is provided in the wellbore, where the tubing 15 should be of sufficient size to allow for tools, such as a tubing gun perforator to be run through the interior of the tubing 15. This suggests that the tubing 15 would occupy a substantial amount of the interior space of the wellbore.

The elongated conduit 21 or 34 depicted in the various figures of McCulloch is provided to allow for provision of an injected fluid, such as a corrosion inhibitor (McCulloch, 3:71), cementing fluid (4:19-20), or washing fluid (5:16) into the wellbore below packer 19. Since the elongated conduit 21 or 34 of McCulloch is provided adjacent the tubing 15, this elongated conduit 34 by necessity has to be designed with relatively small diameter. In addition, since the telescopic member 70 that is provided with the lateral ports 71 has be moveable within the elongated conduit 34, the telescopic member 70 has to be designed with an even smaller diameter than the elongated conduit 34. A person of ordinary skill in the art would therefore recognize that the telescopic member 70 of McCulloch should be designed with reduced diameter.

In contrast, the Office Action is proposing a modification of the telescopic member 70 of McCulloch to incorporate the valves 16-19 or 23-28 of Pryor, which would clearly result in a telescopic member 70 having a substantially enlarged diameter. One implementation of the valves of Pryor is for attachment to the outside of the tubing 11 depicted in Pryor. However, attaching valves to the outside of the telescopic member 70 would render the telescopic member 70 inoperable for its intended purpose, namely, having the ability to move axially up and down inside the elongated conduit 34. Alternatively, Pryor also mentions that its valves could be secured inside the tubing 11 of Pryor. Although provision of the valves inside the tubing 11 of Pryor makes sense since the tubing 11 is a production tubing similar to tubing 15 depicted in McCulloch, providing the valves inside the telescopic member 70 of McCulloch would make no sense, since that would significantly enlarge the diameter of the telescopic member 70, which may in fact cause reduction in size of the tubing 15 such that running of a tool such as the perforating gun shown in Fig. 4 of McCulloch through the tubing 15 of McCulloch would no longer be possible.

Thus, when the teachings of McCulloch and Pryor are considered in their entirety, a person of ordinary skill in the art clearly would have recognized that it would not have been desirable to incorporate the valves of Pryor into the telescopic member 70 of McCulloch.

A reason stated in the Office Action for combining the valves of Pryor into McCulloch is that providing the valves of Pryor would "eliminat[e] the need to manually adjust the valves (col. 2, lines 16+)." 12/7/2007 Office Action at 2. However, it is noted that the two-way valve shown in the various figures of McCulloch already can be operated without manual adjustment of the valves; *i.e.*, the two-way valve could be operated from the surface. Therefore, adding the valves of Pryor into McCulloch would not have been any more advantageous for the reasons stated by the Office Action, since McCulloch already provides for remote control from the surface. In fact, incorporating the valves of Pryor into the telescopic member 70 of McCulloch would have actually resulted in additional complexity in the system of McCulloch, and also would have required a telescopic member 70 of enlarged diameter which would have taken up valuable space inside the wellbore. This strongly suggests that a person of ordinary skill in the art would not have been prompted to combine the teachings of McCulloch and Pryor to achieve the claimed invention.

The Office Action stated that the teaching in column 3, at lines 40-41, of McCulloch that the lower end 72 of the telescopic member 70 "may be opened or closed as may be desired" "illustrates the desire to control not only the lower end orifice but all orifice's since the McCulloch [sic] recognizes that different production environments may prompt the user to desire different flow configurations." 12/7/2007 Office Action at 2-3. The quoted passage in column 3 of McCulloch actually refers to the fact that the lower end 72 of the telescopic member would be **permanently** opened or closed; there is absolutely no teaching or hint in McCulloch of providing any type of valve at the lower end 72 of the telescopic member 70, since doing so would require an enlarged telescopic member 70 that would add complexity and cost to the system.

In view of the foregoing, it is respectfully submitted that the Office Action has erred in rendering the obviousness rejection of claim 1 over McCulloch and Pryor.

Independent claims 7 and 13 are also allowable over McCulloch and Pryor, since a person of ordinary skill in the art would not have been prompted to combine the teachings of McCulloch and Pryor to achieve the subject matter of claims 7 and 13, for similar reasons stated above.

Independent claim 14 was rejected as being obvious over McCulloch, Pryor, and McCarvell. Since no reason existed that would have prompted a person of ordinary skill in the art to combine the teachings of McCulloch and Pryor, it is respectfully submitted that McCarvell would also not have provided any reason to combine McCulloch, Pryor, and McCarvell to incorporate valves into the telescopic member 70 of McCulloch. Like Pryor, McCarvell discloses the provision of valves (V-1, V-2, V-3) on a production tubing T. Therefore, the Office Action also erred in rendering the obviousness rejection of claim 14 over McCulloch, Pryor, and McCarvell.

Former independent claim 12 has been cancelled to render the rejection of the claim moot. Claim 22 (which formerly depended from claim 12) has been amended from dependent form to independent form, with the scope of claim 22 remaining **unchanged**.

Claim 22 was rejected as being obvious over McCulloch, Pryor, and McCarvell. With respect to claim 22, the Office Action further cited specifically to the teaching of Pryor in column 3, lines 4-22, regarding actuation of fluid controlled valves at different pressures. However, the actuation of different valves at different pressures is in the context of valves provided in a production tubing 11. For reasons similar to those stated above, a person of ordinary skill in the art would not have been prompted to incorporate the valves of Pryor into the telescopic member 70 of McCulloch. Similarly, McCarvell also teaches the actuation of different valves at different pressures, where the valves are associated with the production tubing T. As noted above, a person of ordinary skill in the art would also not have been prompted to incorporate the valves of McCarvell into the telescopic member 70 of McCulloch.

Dependent claims are allowable for at least the same reasons as corresponding independent claims. In view of the defective obviousness rejections of base claims, it is respectfully submitted that the obviousness rejections of dependent claims have also been overcome.

Allowance of all claims is respectfully requested. The Commissioner is authorized to charge any additional fees and/or credit any overpayment to Deposit Account No. 20-1504 (SHL.0343US).

Respectfully submitted,

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